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C O N F I D E N T I A L SECTION 01 OF 02 YEREVAN 001033

SIPDIS

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TAGS: PGOV PREL EAGR EAID AM

SUBJECT: AMBASSADOR'S INTRODUCTORY MEETING WITH MINISTER OF AGRICULTURE

Classified By: Ambassador Marie L. Yovanovitch. Reasons 1.4 (b/d)

SUMMARY

¶1. (C) In the Ambassador's December 10 introductory meeting with Minister of Agriculture Aramayis Grigorian, the Minister outlined the GOAM's priorities in the agriculture sector, and assured that planned changes to safety standards on poultry imports were not intended to exclude imports in violation of Armenia's WTO commitments. Grigorian emphasized his desire to seek MCC funding for a reservoir in Vedi, but there is little likelihood that MCC would be able to fund this costly project. End Summary.

AGRICULTURAL PRIORITIES

¶2. (U) Meeting for the first time with the Ambassador December 10, Minister of Agriculture Aramayis Grigorian thanked the Ambassador for continued USG assistance, including programs at the State Agrarian University, the USDA/CARD Animal Health program and development of milk storage facilities. He presented his priorities in the agricultural sector, focusing on development of rural infrastructure, irrigation, and technical assistance and storage facilities.

¶3. (SBU) Grigorian indicated the GOAM would like to request a new MCC-funded irrigation reservoir in Ararat Marz (Vedi) in addition to those already planned, and thanked MCC for the 20 rural irrigation projects now underway. He understands the cost of such a reservoir would be high, but indicated it is a high priority and outlined such benefits as increased yields and more efficient water usage. MCC Resident Country Director explained the MCC process and noted that the proposal could be discussed at the next meeting of the MCC Governing Council. Ambassador agreed to review any new proposal from the Minister regarding a new reservoir, but offered no promises. (Note: This reservoir project has been studied by the World Bank and determined to be very expensive. While it has been studied by the GOAM for several years, it has never been included in the GOAM request for funding under the MCA-Armenia Program. It is unlikely that it would receive serious consideration for MCC funding. End Note).

¶4. (U) According to Grigorian, there is a "crisis" with domestic producers in all agricultural sectors, including domestic poultry production, which is very expensive due to the high cost of feed. Grigorian outlined initiatives to help farmers and reform the agricultural sector, including a land-awareness program, an equipment leasing scheme, subsidization of fertilizer, an improved national program for food safety inspection, and a continued drive toward food sustainability in wheat, corn and barley. He indicated the MoA hopes to see grain imports reduced from 60-65 of domestic consumption to 30-35 percent.

POULTRY SAFETY STANDARDS - WTO-COMPLIANT?

15. (SBU) Ambassador asked about plans announced in October to implement new safety standards on poultry imports. Ambassador commended Grigorian for pursuing higher standards in food safety and addressing the problem of low-quality products in Armenia, but cautioned against using such standards to discriminate against imports, in violation of Armenia's WTO commitments. Grigorian assured the Ambassador that there will be no problems regarding imports of U.S. poultry into Armenia, as there are no concerns about its safety or quality. Grigorian explained that there have been no discussions regarding tariffs on imported poultry.

COMMUNITY WATER ASSOCIATIONS

16. (C) Ambassador encouraged Ministry support to community water associations in collaboration with the MCC program. Communities need to develop these entities to ensure that once MCC funds the projects, user fees and other resources are available to maintain these systems in the long run. While MCC is able to provide technical assistance in support of such projects, ultimately communities need to determine their policies and procedures. Grigorian responded that he has little authority in this area, as it falls under the purview of the Ministry of Territorial Administration, but could offer recommendations.

GLOBAL PARTNERSHIP FOR AGRICULTURE AND FOOD (GPAF)

17. (C) Ambassador explained the Global Partnership for Agriculture and Food (GPAF) Program and welcomed input from the MoA on how they could participate. Ambassador promised

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to send a letter about GPAF to Grigorian, who said he would review it and respond accordingly.

COMMENT

18. (C) While the Embassy enjoyed an excellent relationship with Grigorian's predecessor, Grigorian has been more elusive. There continue to be problems with MoA in the field--in terms of competence of its personnel, adequacy of resources and outright corruption--in particular with respect to the Animal Health program, which we will report septel. The fact that it took more than six weeks to get this introductory courtesy call--after our October request--does not augur well for cooperation with the new minister.
YOVANOVITCH